



MUNCIE MISSION

Ministries, Inc.

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

December 31, 2022 and 2021

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Independent Auditors' Report

Board of Directors
Muncie Mission Ministries, Inc.
and Related Entity

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Muncie Mission Ministries, Inc. and Bountiful Harvest Ministries, Inc., which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses - programs, functional expenses - supporting services, functional expenses - fundraising, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Muncie Mission Ministries, Inc. and Bountiful Harvest Ministries, Inc. as of December 31, 2022 and 2021, and the changes in its consolidated net assets and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Muncie Mission Ministries, Inc. and Bountiful Harvest Ministries, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Muncie Mission Ministries, Inc. and Bountiful Harvest Ministries, Inc.'s ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Muncie Mission Ministries, Inc. and Bountiful Harvest Ministries, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Muncie Mission Ministries, Inc. and Bountiful Harvest Ministries, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Estep Burkey Simmons, LLC

Muncie, Indiana

September 18, 2023

Muncie Mission Ministries, Inc. and Related Entity

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31,

ASSETS	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,075,119	\$ 748,438
Accounts receivable	32,915	18,437
Unconditional promise to give	15,000	-
Inventories	22,528	32,594
Prepaid expenses	54,039	70,858
Right of use asset, current portion	5,999	5,999
Deposits	1,081	350
	<u>1,206,681</u>	<u>876,676</u>
RIGHT OF USE ASSET , net of current portion	43,492	49,491
PROPERTY, BUILDING, AND EQUIPMENT , net of depreciation	5,223,000	5,124,663
INVESTMENTS	1,165,415	1,497,225
INVESTMENTS - AGENCY FUND	30,801	35,829
	<u>\$ 7,669,389</u>	<u>\$ 7,583,884</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 40	\$ 5,538
Accrued expenses	82,705	76,466
Right of use liability, current portion	5,999	5,999
Notes payable, current portion	5,167	5,167
	<u>93,911</u>	<u>93,170</u>
LONG-TERM LIABILITIES		
Right of use liability, net of current portion	43,492	49,491
Notes payable, net of current portion	5,166	10,333
	<u>142,569</u>	<u>152,994</u>
NET ASSETS		
Without donor restrictions	6,973,755	7,153,691
With donor restrictions	553,065	277,199
	<u>7,526,820</u>	<u>7,430,890</u>
	<u>\$ 7,669,389</u>	<u>\$ 7,583,884</u>

The accompanying notes are an integral part of these statements.

Muncie Mission Ministries, Inc. and Related Entity

CONSOLIDATED STATEMENTS OF ACTIVITIES

Years Ended December 31,

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Operating support and revenue			
United Way	\$ 1,054		\$ 1,054
Grants	174,801		174,801
Contributions	979,741	\$ 388,277	1,368,018
Gifts-in-kind	14,852		14,852
Retail operations	1,500,820		1,500,820
Program service fees	45,700		45,700
Recycling	372,490		372,490
Delivery fees	10,381		10,381
Special events	152,834		152,834
Rental income	14,400		14,400
Investment return (loss), net	(293,162)		(293,162)
Loss on disposal	(428)		(428)
Other revenue	13,354		13,354
	<u>2,986,837</u>	<u>388,277</u>	<u>3,375,114</u>
Net assets released from restrictions			
Satisfaction of purpose restrictions	97,411	(97,411)	
Expiration of time restrictions	15,000	(15,000)	
Operating expenses			
Programs			
Rescue mission	809,526		809,526
Transitional housing	74,141		74,141
Food services	105,967		105,967
New life	1,419,274		1,419,274
Family services	40,658		40,658
Muncie HUB	109,977		109,977
Supporting services			
Administration	401,686		401,686
Fundraising			
Development	317,955		317,955
	<u>3,279,184</u>	<u></u>	<u>3,279,184</u>
CHANGE IN NET ASSETS	(179,936)	275,866	95,930
Net assets at beginning of year	<u>7,153,691</u>	<u>277,199</u>	<u>7,430,890</u>
Net assets at end of year	<u>\$ 6,973,755</u>	<u>\$ 553,065</u>	<u>\$ 7,526,820</u>

The accompanying notes are an integral part of these statements.

2021		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 5,994		\$ 5,994
174,328		174,328
945,545	\$ 245,623	1,191,168
107,120		107,120
1,597,240		1,597,240
42,900		42,900
334,203		334,203
11,634		11,634
153,460		153,460
140,498		140,498
11,261		11,261
3,524,183	245,623	3,769,806
68,905	(68,905)	
542,591		542,591
39,896		39,896
75,808		75,808
1,329,569		1,329,569
29,281		29,281
465,011		465,011
310,714		310,714
2,792,870		2,792,870
800,218	176,718	976,936
6,353,473	100,481	6,453,954
\$ 7,153,691	\$ 277,199	\$ 7,430,890

Muncie Mission Ministries, Inc. and Related Entity

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES - PROGRAMS

Years Ended December 31,

	2022						
	Rescue Mission	Transitional Housing	Food Services	New Life	Family Services	Muncie HUB	Total
Salaries	\$ 389,782	\$ 15,895	\$ 23,899	\$ 721,598	\$ 28,350	\$ 35,796	\$ 1,215,320
Payroll taxes	30,217	1,216	1,866	54,291	2,154	2,702	92,446
Employee benefits	42,137	462		92,626	222	3,916	139,363
Cost of sales				110,677			110,677
Security							
Technology	2,679			11,178		281	14,138
Supplies	25,252	535	7	647	44	1,931	28,416
Telephone	5,990	2,703		11,987		7,700	28,380
Client subsidies	12,260						12,260
Client programs	8,067	840				106	9,013
Emergency assistance		38	7,739		8,656		16,433
Food	2,227		64,196				66,423
Utilities	67,122	16,629	170	84,392	141	22,500	190,954
Rent				70,128			70,128
Printing				221		43	264
Postage		93		24			117
Advertising				17,203			17,203
Professional services	12,302						12,302
Professional development	2,228	473	323	466		15,280	18,770
Credit card fees				35,779			35,779
Dues and subscriptions	9,136	50		300			9,486
Insurance	44,113	4,084	118	28,912	118	1,619	78,964
Licenses and fees	577						577
Equipment rental & repair	366	571	4,315	22,620	125	1,826	29,823
Repairs and maintenance	10,652	5,052	1,590	12,756		11,443	41,493
Auto expense	11,349	77		55,157			66,583
Depreciation	130,021	20,362	1,744	85,661	848	3,754	242,390
Miscellaneous	3,049	5,061		2,651		1,080	11,841
	<u>\$ 809,526</u>	<u>\$ 74,141</u>	<u>\$ 105,967</u>	<u>\$ 1,419,274</u>	<u>\$ 40,658</u>	<u>\$ 109,977</u>	<u>\$ 2,559,543</u>

2021					
Rescue Mission	Transitional Housing	Food Services	New Life	Family Services	Total
\$ 270,651	\$ 14,119	\$ 34,039	\$ 648,133	\$ 14,812	\$ 981,754
19,813	1,080	2,531	48,882	1,134	73,440
32,895	445	12,282	73,031	236	118,889
			157,147		157,147
2,904	1,860		3,940		8,704
	593		12,382		12,975
10,972	35	6,163	2,749	362	20,281
6,208	1,733		12,612		20,553
16,778					16,778
11,866	2,079			475	14,420
				12,042	12,042
25,447		4,399			29,846
58,446	8,834		64,291		131,571
			64,128		64,128
111					111
	76				76
3,655			13,642		17,297
679					679
3,361	284				3,645
			39,482		39,482
2,556	147		500		3,203
26,413	1,874	135	36,847	220	65,489
762			1,362		2,124
	1,410	12,975	9,976		24,361
4,601	2,984	1,961	24,868		34,414
8,938	5		24,700		33,643
31,141	2,030	1,323	70,310		104,804
4,394	308		20,587		25,289
<u>\$ 542,591</u>	<u>\$ 39,896</u>	<u>\$ 75,808</u>	<u>\$ 1,329,569</u>	<u>\$ 29,281</u>	<u>\$ 2,017,145</u>

The accompanying notes are an integral part of these statements.

Muncie Mission Ministries, Inc. and Related Entity

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES - SUPPORTING SERVICES

Years Ended December 31,

	<u>2022</u>	<u>2021</u>
Salaries	\$ 228,557	\$ 211,453
Payroll taxes	14,559	15,244
Employee benefits	38,989	28,846
Technology	23,688	18,728
Supplies	10,595	6,093
Telephone	10,195	9,511
Postage	431	24
Professional services	13,846	31,608
Professional development	31,134	6,762
Dues and subscriptions	2,871	2,476
Insurance	18	4,070
Licenses and fees	3,384	333
Utilities	1,893	
Equipment rental	2,710	129
Repairs and maintenance	590	1,567
Depreciation	15,713	124,157
Miscellaneous	2,513	4,010
	<u>\$ 401,686</u>	<u>\$ 465,011</u>

The accompanying notes are an integral part of these statements.

Muncie Mission Ministries, Inc. and Related Entity

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES - FUNDRAISING

Years Ended December 31,

	<u>2022</u>	<u>2021</u>
Salaries	\$ 141,564	\$ 96,322
Payroll taxes	10,647	7,168
Employee benefits	18,870	17,750
Special events	20,921	26,020
Supplies	1,436	
Printing	1,719	1,359
Postage	739	9,661
Advertising	109,465	123,930
Professional services	52	4,788
Professional development	2,291	2,698
Dues and subscriptions	871	10
Insurance	118	113
Credit card fees	8,987	
Depreciation	262	262
Miscellaneous	13	20,633
	<u>\$ 317,955</u>	<u>\$ 310,714</u>

The accompanying notes are an integral part of these statements.

Muncie Mission Ministries, Inc. and Related Entity

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31,

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 95,930	\$ 976,936
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	258,365	229,223
Realized and unrealized (gains) losses on investments	357,174	(128,094)
Loss on disposal	428	
Non-cash contributions	(14,852)	(107,120)
(Increase) decrease in assets:		
Accounts receivable	(14,478)	(8,084)
Unconditional promise to give	(15,000)	
Inventories	10,066	(15,314)
Prepaid expenses and deposits	16,088	33,953
Increase (decrease) in liabilities:		
Accounts payable	(5,498)	(476)
Accrued expenses	6,239	7,061
Net cash provided by operating activities	<u>694,462</u>	<u>988,085</u>
Cash flows from investing activities:		
Cash payments for the purchase of property and equipment	(367,464)	(632,100)
Proceeds from sale of investments	612,549	645,135
Purchase of investments	(618,033)	(1,340,890)
Net cash used in investing activities	<u>(372,948)</u>	<u>(1,327,855)</u>
Cash flows from financing activities:		
Forgiveness of notes payable	<u>5,167</u>	
Net cash provided by financing activities	<u>5,167</u>	
Net change in cash and cash equivalents	326,681	(339,770)
Cash and cash equivalents at beginning of year	<u>748,438</u>	<u>1,088,208</u>
Cash and cash equivalents at end of year	<u>\$ 1,075,119</u>	<u>\$ 748,438</u>
<u>Supplemental Disclosures</u>		
Non-cash contributions	\$ 14,852	\$ 107,120

The accompanying notes are an integral part of these statements.

Muncie Mission Ministries, Inc. and Related Entity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE A - SUMMARY OF ACCOUNTING POLICIES

1. Organization

Muncie Mission Ministries, Inc. and its related entity, Bountiful Harvest, Inc. provides shelter for homeless men, women, and their families in East Central Indiana. Muncie Mission also provides meals for residents, free lunch to needy nonresidents, chapel services, support meetings and educational classes. Needy families, single women and children are assisted through the provision of clothing, furniture, household needs and food. Support groups and educational classes are available for families. Financial support for these services consists of grants and donations from private and public organizations and individuals. In addition, Muncie Mission operates retail shops to provide low cost or free clothing and household items to low-income families. Muncie Mission is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Muncie Mission is not considered to be a private foundation.

2. Basis of Accounting and Principles of Consolidation

The consolidated financial statements include the consolidated accounts of Muncie Mission Ministries, Inc. and its related entity, Bountiful Harvest, Inc. (together Muncie Mission). All significant intercompany transactions and accounts have been eliminated. Muncie Mission follows the accrual basis of accounting.

3. Financial Statement Presentation

Net assets, support, investment return, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. While most gift instruments give Muncie Mission's Board of Directors the right to vary the terms of the gift, this only allows for a limited right of modification and does not relieve the restrictions imposed by the donor. Accordingly, the net assets of Muncie Mission are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and comprised of Muncie Mission's operations and unrestricted income from donations and endowment funds.

Net assets with donor restrictions - Net assets not yet appropriated for expenditure by Muncie Mission's Board of Directors in accordance with their spending policy or that have donor-imposed restrictions relating to a stipulated purpose or a specified time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished or amounts have been allocated for expenditure by the Board of Directors, net assets are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities as net assets released from restrictions.

4. Contributions

Contributions are recognized when the donor makes a promise to give to Muncie Mission that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the financial year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

5. Cash and Cash Equivalents

Muncie Mission maintains its cash in accounts at local financial institutions which are insured by agencies of the U.S. Government and money market accounts. For purposes of the statement of cash flows, Muncie Mission considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Muncie Mission Ministries, Inc. and Related Entity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

6. Accounts Receivable

Muncie Mission's accounts receivables have contractual maturities of one year or less, and therefore are exempted from disclosure requirements. Muncie Mission considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

7. Inventories

Inventories are accounted for using the first-in first-out method and recorded at the lower of cost or market.

8. Compensated Absences

All employees earn Paid Days Off (PDO) depending on their length of service. PDO can be used for vacation, sick leave or personal days and are taken in full days only. PDO may be carried over from year to year and accumulated to be used only for sick leave, not to exceed 30 days.

9. In-Kind Contributions

During the years ended December 31, 2022 and 2021, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. During the years ended December 31, 2022 and 2021, the Foundation received gifts of public securities of \$14,852 and \$107,120, respectively, which were valued at fair value. It is Muncie Mission's policy to liquidate gifts of public securities and invest the proceeds in compliance with Muncie Mission's investment policy.

10. Property, Building and Equipment

Property, building and equipment owned by Muncie Mission are recorded at cost less accumulated depreciation. Depreciation is computed by the straight-line method over the useful class lives of the assets, ranging from three to forty years.

Expenditures for maintenance, repair and minor renewals are charged to income as incurred. Additions and major renewals are capitalized. The cost and related accumulated depreciation of assets sold or otherwise disposed of are removed from the accounts. Any gain or loss is credited or charged to income.

11. Investments

Investments consist primarily of certificates of deposit and marketable equity and debt securities that are stated at fair value based on quoted market prices. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the risks associated with investment securities and the uncertainty related to changes in the fair value of investment securities, it is at least reasonably possible that changes in fair value could materially affect the net assets of Muncie Mission.

12. Concentration of Credit Risk

Muncie Mission maintains its cash in bank deposit accounts at high credit quality financial institutions. The balances, at times, may exceed federally insured limits of up to \$250,000. At December 31, 2022 and 2021, Muncie Mission exceeded the insured limit by approximately \$750,423 and \$481,034, respectively.

Muncie Mission Ministries, Inc. and Related Entity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

13. Uncertain Tax Positions

Muncie Mission recognizes a tax benefit only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. Muncie Mission has examined this issue and has determined there are no material contingent tax liabilities.

Muncie Mission's federal and state exempt organization tax returns for 2019, 2020, and 2021 are subject to examination by the Internal Revenue Service and the Indiana Department of Revenue. Returns are generally subject to examination for three years after they are filed.

14. Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of Muncie Mission. Those expenses include salaries and wages and payroll taxes. These expenses are allocated on the basis of estimates of time and effort.

15. Advertising

Advertising costs are expensed as incurred and included in functional expenses. Advertising expenses totaled \$126,501 and \$141,227 for 2022 and 2021, respectively.

16. Revenue Recognition

Retail operations - Thrift store sales represent the gross proceeds, net of returns, of sales of donated and purchased merchandise at the Attic Window thrift stores.

Program service and delivery - Revenues are recognized when the fees are earned, in an amount that reflects the consideration Muncie Mission expects to be entitled to in exchange for those services.

Rental income - Revenues are recognized when rent is earned, in an amount that reflects the consideration Muncie Mission expects to be entitled to in exchange for those services.

17. Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B - RISKS AND UNCERTAINTIES

Muncie Mission holds a variety of investments (Notes C and K). Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying consolidated financial statements.

Muncie Mission Ministries, Inc. and Related Entity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE C - INVESTMENTS

The following is an analysis of the fair value at December 31, 2022 and 2021 by type of investment.

	<u>Fair Value</u> <u>2022</u>	<u>Fair Value</u> <u>2021</u>
Mutual funds - equities:		
Midcap growth	\$ 118,588	\$ 246,533
Large growth	122,254	185,172
Large value	266,450	433,185
Large blend	<u>176,233</u>	<u>183,759</u>
Total mutual funds - equities	683,525	1,048,649
Mutual funds - fixed income:		
Intermediate-term bond	<u>481,890</u>	<u>448,576</u>
Total investments, at fair value	<u>\$ 1,165,415</u>	<u>\$ 1,497,225</u>
Total investments, at historical cost	<u>\$ 1,366,707</u>	<u>\$ 1,441,813</u>

NOTE D - FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A hierarchy of inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of Muncie Mission. Unobservable inputs are inputs that reflect Muncie Mission's assumptions about the assumptions that market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Muncie Mission Ministries, Inc. and Related Entity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE D - FAIR VALUE MEASUREMENTS - Continued

The following tables set forth financial assets measured at fair value in the Consolidated Statement of Financial Position and the respective levels to which the fair value measurements are classified within the fair value hierarchy as of December 31, 2022 and 2021, respectively:

	2022			
	Fair Value	Level 1	Level 2	Level 3
Assets:				
Investments - agency fund	\$ 30,801	\$ -	\$ 30,801	\$ -
Investments	\$ 1,165,415	\$ 1,165,415	\$ -	\$ -
	2021			
	Fair Value	Level 1	Level 2	Level 3
Assets:				
Investments - agency fund	\$ 35,829	\$ -	\$ 35,829	\$ -
Investments	\$ 1,497,225	\$ 1,497,225	\$ -	\$ -

Fair values for Level 1 investments are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair values for investments - agency fund are determined by reference to fund statements provided by the community foundation.

NOTE E - PROPERTY, BUILDING AND EQUIPMENT

The amounts of fixed assets, net of depreciation, at December 31, 2022 and 2021 consist of the following.

	2022	2021
Land	\$ 472,769	\$ 464,269
Buildings and improvements	6,830,223	6,605,123
Furniture, fixtures and equipment	1,087,148	1,027,656
Vehicles	481,516	414,953
	8,871,656	8,512,001
Less accumulated depreciation	3,648,656	3,387,338
	<u>\$ 5,223,000</u>	<u>\$ 5,124,663</u>

NOTE F - INVESTMENT - AGENCY FUNDS

An endowment (agency) fund was established at the Community Foundation of Muncie and Delaware County, Inc. in 1998. As described in Note D, the assets of the fund are recorded at their fair value.

	Cost	Fair Value	Carrying Value
December 31, 2022	\$ 10,075	\$ 30,801	\$ 30,801
December 31, 2021	\$ 10,075	\$ 35,829	\$ 35,829

Muncie Mission Ministries, Inc. and Related Entity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE G - EMPLOYEE BENEFIT PLAN

Eligible employees may participate in Muncie Mission's 403(b) retirement plan. Participants may contribute up to \$10,000 or 25% of their compensation annually. Matching contributions are made at Muncie Mission's discretion; however, none have been made for the years ended December 31, 2022 and 2021.

Beginning in 2000, eligible employees may participate in Muncie Mission's 401(k) retirement plan. An initial lump-sum contribution of \$5,000 was contributed by Muncie Mission and distributed equally among the eligible employees. Matching contributions of up to 3% are made monthly by Muncie Mission. Expense for the years ended December 31, 2022 and 2021, was \$25,957 and \$25,949, respectively.

NOTE H - ENDOWMENT FUNDS

The Board of Directors of Muncie Mission has interpreted the Indiana Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2022 and 2021, there were no such donor stipulations. As a result of this interpretation, we retain in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. We consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of Muncie Mission and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of Muncie Mission
7. Investment policies of Muncie Mission

Endowment net assets composition by type of fund as of December 31, 2022 and 2021 consist of board-designated endowment funds in the amount of \$30,801 and \$35,829, respectively.

Changes in endowment net assets for the years ended December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
	<u>Without Donor</u> <u>Restrictions</u>	<u>Without Donor</u> <u>Restrictions</u>
Revenue and support		
Investment return (loss), net	\$ (5,028)	\$ 5,270
Total revenue and support	(5,028)	5,270
Endowment net assets, beginning of year	<u>35,829</u>	<u>30,559</u>
Endowment net assets, end of year	<u>\$ 30,801</u>	<u>\$ 35,829</u>

Muncie Mission Ministries, Inc. and Related Entity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for a specific purpose:		
Food and family services	\$ 23,763	\$ 50,861
Greathouse project	<u>514,302</u>	<u>226,338</u>
	538,065	277,199
Unconditional promise to give that are is not restricted by donors, but which is unavailable for expenditure until due	<u>15,000</u>	<u> </u>
	<u>\$ 553,065</u>	<u>\$ 277,199</u>

Net assets with donor restrictions that are not subject to appropriation or expenditure consist of the cost value of contributions made to the agency fund investment.

NOTE J - NET ASSETS RELEASED FROM DONOR RESTRICTION

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors as follows for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Purpose restrictions accomplished:		
Food and family services	\$ 53,929	\$ 16,010
Greathouse project	8,500	10,415
Muncie HUB	15,000	
Medical clinic	19,982	
Transitional housing		<u>42,480</u>
	97,411	68,905
Expiration of time restrictions	<u>15,000</u>	<u> </u>
	<u>\$ 112,411</u>	<u>\$ 68,905</u>

NOTE K - COMMITMENTS AND CONTINGENCIES

Muncie Mission is subject to laws and regulations relating to the protection of the environment. Muncie Mission's policy is to accrue environmental and cleanup-related costs of a noncapital nature when it is both probable that a liability has been incurred and when the amount can be reasonably estimated. Although it is not possible to quantify with any degree of certainty the potential financial impact of Muncie Mission's continuing compliance efforts, management believes any future remediation or other compliance-related costs will not have a material adverse effect on the financial condition or reported results of operations of Muncie Mission.

Muncie Mission Ministries, Inc. and Related Entity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE L - LONG-TERM LIABILITIES

Long-term liabilities consist of the following:

	<u>2022</u>	<u>2021</u>
Note payable, Greater Muncie, Indiana Habitat for Humanity, Inc, 0% interest, annual payments of \$2,000. Note is due October 8, 2024.	\$ 4,000	\$ 6,000
Note payable, Greater Muncie, Indiana Habitat for Humanity, Inc, 0% interest, annual payments of \$1,167. Note is due October 8, 2024.	2,333	3,500
Note payable, Greater Muncie, Indiana Habitat for Humanity, Inc, 0% interest, annual payments of \$2,000. Note is due October 8, 2024.	<u>4,000</u>	<u>6,000</u>
	10,333	15,500
Less current maturities	<u>5,167</u>	<u>5,167</u>
	<u>\$ 5,166</u>	<u>\$ 10,333</u>

Each loan is collateralized by various property held by Muncie Mission. The payments are forgivable each year if the property is used for transitional housing. Current maturities are as follows:

Year ending December 31, 2023	\$ 5,167
2024	5,166
2025	-
2026	-
2027	<u>-</u>
	<u>\$ 10,333</u>

NOTE M - DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table disaggregates Muncie Missions' revenue from contracts with customers based on location for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Attic Window Muncie South	\$ 501,138	\$ 514,062
Attic Window Muncie North	251,420	309,452
Attic Window Winchester	149,686	156,403
Attic Window New Castle	391,201	384,040
Attic Window Hartford City	<u>207,375</u>	<u>233,283</u>
	<u>\$ 1,500,820</u>	<u>\$ 1,597,240</u>

Muncie Mission Ministries, Inc. and Related Entity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE N - RELATED-PARTY TRANSACTIONS

During the years ending 2022 and 2021, officers and board members made donations to Muncie Mission. Total donations received totaled \$107,583 and \$99,643, respectively.

NOTE O - LIQUIDITY

Muncie Mission has financial assets available within one year of the Consolidated Statements of Financial Position date consisting the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,075,119	\$ 748,438
Accounts receivable	<u>32,915</u>	<u>18,437</u>
	<u>\$ 1,108,034</u>	<u>\$ 766,875</u>

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the Consolidated Statements of Financial Position date. As part of its liquidity management, Muncie Mission invests cash in excess of daily requirements in various cash equivalents including money market funds and other interest earning opportunities.

NOTE P - LEASED FACILITIES

Muncie Mission conducts the operations of three of its Attic Window stores in facilities located in New Castle, Winchester and Muncie, Indiana. The Winchester, Indiana lease is a ten-year lease with rental payments of \$500 per month, increasing annually by \$50 per month beginning on April 1, 2025, expiring in March 2031. The Muncie, Indiana lease is a three-year lease with rental payments of \$2,844 due on the 15th day of each month, expiring in December of 2023. The New Castle lease is a one-year lease with rental payments of \$2,000 due the first day of each month, expiring in September 2023. Total rent expense, for all operating leases, was \$70,128 and \$64,128 for the years ended December 31, 2022 and 2021, respectively. Future minimum payments on the above leases are as follows.

Year ending December 31, 2023	\$ 44,628
2024	6,000
2025	6,450
2026	7,050
2027 and thereafter	<u>31,950</u>
	<u>\$ 96,078</u>

The present value of the future cash flows of leases payable over more than one year are as follows.

Year ending December 31, 2023	\$ 5,999
2024	5,999
2025	5,999
2026	5,999
2027 and thereafter	<u>25,496</u>
Discounted cash flows	<u>\$ 49,492</u>

Muncie Mission Ministries, Inc. and Related Entity**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****December 31, 2022 and 2021****NOTE Q - SUBSEQUENT EVENTS**

Muncie Mission has evaluated subsequent events through September 18, 2023, which is the date these consolidated financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2022, have been incorporated into these consolidated financial statements herein.

NOTE R - ADOPTION OF NEW ACCOUNTING PRINCIPLE

Effective for its 2022 annual combined financial statements, Muncie Mission adopted new accounting standards issued by FASB that require significant changes in accounting for operating leases under which Muncie Mission is lessee, and in the method and timing of recognition of certain nonlease contract revenues and certain incremental expenses such as sales commissions. Upon adoption, among other effects, Muncie Mission is required to record assets and liabilities for all operating lease obligations with terms of 12 months or greater. These changes entail certain retrospective adjustments.